

Notes from June 9, 2020 Public Meeting via Zoom with Consolidated Communications Incorporated (CCI) Regarding Long Island Broadband Project

Attendees:

Long Island Broadband Exploratory Committee (BBEC): Mark Greene, Ralph Sweet, Curt Murley, Pierre Avignon, Doug Grant

CCI: Jeff Nevins, Rob Koester, Jeff McIver, Jeff Stone

Public: Steve Hart/Beth Marchak, Gail Houlihan, Toni O'Donnell & Fulton Wilcox, Nancy Berges, Brian Dudley, Darren Redman, John Burke, David Donovan, Jeff Adamson, Herb Maine, John Davis, Chris McDuffie, Scott Grace, Peter LaMontagne, Mary Lou Horrocks, Joe Donovan, Chip Emery

Other: Kendra Jo Grindle, Island Institute

EDITOR'S NOTE: IN the Q&A section, the questions are indicated in quotes, but may actually be slightly paraphrased. *Occasional additional explanations are indicated in italics.*

Jeff Nevins of Consolidated began with a Short PowerPoint presentation about CCI and the project.

You can find the slides at

<http://broadband.townoflongisland.us/consolidated-communications-long-island-broadband-proposal/>

As additional notes, Jeff noted that CCI operates over 37,000 miles of fiber in 23 states, of which 18,000 miles is in northern New England. They have about 3800 employees nationwide, with about 800 in Maine.

Consolidated acquired Fairpoint Communications, which purchased the Northern New England residential business of Verizon and other assets some years ago. One part of their business is providing interconnections to 1600 cell towers in northern New England.

After the slides, the meeting was opened up to questions.

Q1: (John Burke) "My current Consolidated bill includes a lot of taxes...maybe half the bill. How much will taxes add to the prices you showed in the slide?"

A: (Rob Koester) Yes, there are a lot of state and federal taxes on voice telephone service. The taxes on Broadband are less. You can save a lot on the tax portion of your bill by switching to a Voice-over-Internet Protocol (VOIP) option from us or a third party.

Q2: (Burke) "So the \$70 you showed for one of the service tiers on the slide would have how much added in tax?"

A: (Koester) "Only about 3% added on broadband."

Q3: (Burke) "Who will pay for ongoing maintenance and operating costs of the infrastructure?"

A: (Koester) "That will be CCI's responsibility. We will handle care/feeding/upgrade".

Q4: (Burke) "How often is the contract reviewed?"

A: (Koester) "The contract will be for 20 years. There will be periodic evaluations for compliance with the contract, non-performance, etc." (Nevins) We have already built out one town – Chesterfield, NH – using this contract model. We have 5 other NH towns in progress that are waiting for their financing from the NH bond authority, due in August.

Q5: (O'Donnell) "I'm a seasonal resident. Will a seasonal suspend option be available like it is now?"

A: (Nevins) "That option will stay in place. We have to work out the exact details."

Q6: (Wilcox): "Did I understand that you operate cell towers? I am concerned about the cellular coverage on the island."

A: (Koester) "Not exactly. The cellular operators like Verizon and AT&T own and operate the cell towers. We provide the fiber that connects the towers together."

Q7: (Adamson) "I tried to sign up for broadband recently and was told I have to wait for an upgrade...is this broadband system the upgrade?"

A: (Nevins) "No...we are installing some equipment to upgrade coverage on the island with the existing copper-wire-based DSL system, and it should be installed by the end of the week or next week. "

COMMENT (D. Donovan) "I think others may be having the same issue trying to get service...I am definitely in favor of this new system."

COMMENT (LaMontagne) "Thanks to BBEC and CCI for working on this. It will be a great benefit to the health, safety, and overall development of the town."

At this point it was noted that Mr. LaMontagne's connection, as well as several others, were breaking up a bit due to low connection speed.

Q8: (Scott Grace): "If the Town owns the broadband infrastructure, can another operator come in and take it over in the event of something terrible happening to CCI?"

A: (Koester) "This is the most commonly-asked question in these projects. The short answer is yes, another operator can come in and basically unplug our equipment and plug theirs in. The detailed answer is a little long, but here goes..."

1. CCI is considered a Public Utility by the FCC and the state PUC. If we get into financial trouble, we cannot declare Chapter 7 bankruptcy and close down. We would be put into receivership or Chapter 11 reorganization and continue to operate until the financial issues are fixed or the company is bought by another company.
2. There will be language in the contract to assess our performance. If we fail to meet our obligations, you can replace us.
3. At the end of the 20-year contract period, the Town will have 3 options...
 - a. Stay with CCI, perhaps renegotiating the fee CCI pays for access to the Town's network (by then the bond/loan will be paid off).
 - b. Create a Town-run company to operate the system yourselves.
 - c. Put the system contract out for re-bid, and see if you can get a better deal with another company.

Q9: (Sweet) "I was looking over your materials and I see that we need a Backup Power Unit (BPU) to keep the equipment in our house running if there is a power outage. Can you talk about that a bit?"

A: (Koester) "That is one disadvantage to fiber...it works on light, so there is no wire to carry power. There are three options for handling power outages:

1. CCI will sell you a battery backup unit for about \$50 (one-time cost).
2. You can go to Best Buy or shop on Amazon or wherever and buy your own UPS (Uninterruptible Power Supply) maybe a little cheaper...we can tell you what size you need.
3. If you have your own generator and the unit in your house is plugged into an outlet that is on the generator, you don't have to do anything.

Q10: (Sweet) "But my PC will still need power if I want to go online, right?"

A: (Koester) "That's right. Again, if you have a generator or your computer is on a UPS, no problem.

Q11: (Greene) "How about the Remote Terminals and equipment in the Central Office...how long will they operate in the case of a multi-day outage?"

A: (Stone) "We'll need to decide that when we do the final system design."

Q12: (Gordon) "At my primary (off-island) residence, I own my cable modem. Can I buy my own fiber modem instead of leasing one from CCI?"

A: (Koester) "Yes."

Q13: (Gordon) “ Can I change my service speed for the winter, for example take 1000Mb/s during the summer, then drop to 50 Mb/s during the winter when the only things using the system are my security cameras, etc.?”

A: (Koester) “We try to avoid that because it makes the billing system more complicated. We’d prefer to do something like offer you a lower cost including the TV package, then allow you to shut the TV service off.”

Q14: (Gordon) “Can I opt out of your phone service and use a different VOIP service?” *(Editor’s note: VOIP services that provide voice over the Internet include Vonage, MagicJack, and others. The Town and the library have been using MagicJack for a couple of years...at \$50-60 per year it is much cheaper than CCI’s voice service at \$50-60 per month with all the taxes.)*

A: (Koester) “Yes.”

Q15: (J. Houlihan) “I see that prices you showed are the 1- or 2-year “introductory” rates. How much do the rates go up after the first year (or two)?”

A: “We usually give you 6 months’ notice when your introductory rate is expiring and give you options that will result in a very small increase. It’s not like we double it or anything. You can decide if you want to add or drop something in your package, or change the speed.”

Q16: (J. Houlihan) “Have we gotten any feedback form other towns where you’ve built such a system?”

A: (Grant, BBEC) “When we first met with CCI, they said they were working with the town of Rindge, NH. One of my friends is on the Broadband Committee there and I attended the Town Meeting where the broadband project was discussed. I also took the opportunity to ask Rob Koester a lot of questions after the meeting. Rindge ultimately voted overwhelmingly in favor of the bond for the project (1151 FOR, 174 AGAINST), and I found Rob to be very open in discussing the project. The Rindge Broadband Committee has been pleased with the progress of the project so far.

Q17: (J. Houlihan) “Are we locked in to CCI for 20 years?”

A: (Koester) “There is still language regarding non-performance to be negotiated in the contract”.

Q18: (J. Houlihan) “Are the speed tiers you proposed fixed or can you add others?”

A: (Koester) “These are the typical speed tiers we offer to give a wide range of speed/cost options. If there is a reason to add something different, we might be able to, but we think the 4 choices we offer are sufficient.”

Q19: (Kendra Jo Grindle, Island Institute) “You mentioned retiring the copper cable...is that part of the 12-24 month timeline?”

A: (Koester) “We’d like to do that, but in reality it takes time. There are some services that require the use of copper that we may take time to migrate to fiber.”

Q20: (Grindle) "Will there be different costs for new and existing CCI customers?"

A: (Koester) "No...and the installation cost will be the same for early and later subscribers."

Q21: (Marchak) "What are the services that require copper?"

A: (Koester) "There is an old digital network system called ISDN (Integrated Services Digital Network) that only runs on copper. It is 100 times slower than the DSL system (128kb/s). It is used by some banks, radio stations, ATMs, etc., and was installed years ago. There are places we have to keep it running until we can get them switched to fiber."

Q22: (Grindle) "Are there different prices for businesses?"

A: (Koester) "Yes. Businesses pay a little more because they get a higher service level – when there are problems, we roll trucks to businesses before residential customers. For most work-at-home situations or small home businesses, the residential rate is fine."

Q23: (Gordon) "Can I get a static IP for my business?"

A: (Koester) "Yes, typically we charge \$10/month extra, more if you want a bigger block."